

Cotuit Fire District
Prudential Committee
13 April 2015
5PM

Present: Stan Goldstein, Laurie Hadley, Fran Parks, Treasurer Mike Daley

Fran: I'm going to call the April 13th 2015 meeting of the Cotuit Fire District Prudential committee to order. Our first order of business is the 2016 budget review. Amy Kates is recording

Mike: Everybody got their work paper?

Fran: Yes.

Stan: I don't.

Laurie; Yes

Mike: This is a workshop. We're just going on first blush out of it. It's not like it's a published document.

Laurie: These are drafts.

Mike: All right. We're going to use the same work paper as we did last year. As it's shaping up right now, I've assigned a number so that you have sense of the numbering sequence. The first page covers all of the articles. It presents you with the actuals of '13, the '14, the current '15 budget and then the requests for '16. It shows you what the delta of the change is from last year to this year. In some cases like you'll see in the first grouping at the top when it's administration.

We had two articles last year, one for 5000 and one for 314,000. They both happened to come during the special but they're still part of that history. We have placeholders if there were articles in that budget group this year and there are. Three will be the reserve fund, which has historically been that number. Four will be the finance administration. Five will be the fire department which is pretty much the way it ran last year.

Stan: Question, Mike. The reserve fund ...

Mike: Let me just ... This is just a summary. I'll take each one. As we drill in we'll go over each one of these. Okay?

Stan: Okay.

[Type text]

Mike: Just trying to get you familiar with the format. Fire has two capital articles this year. They had three last year. They had one the year before. You can see those in their grouping. The water department, same thing. They have their operating budget and they have asked for two articles this year, which is pretty standard for them. They generally tend to have two articles or at least they have the last four years. Public works, we have what I'm calling public buildings budgets this year, because it's encompassing two buildings. Then last year, we actually had two articles relating this building.

There's one this year, so there's a placeholder. Our streetlights fall into public works as well and it has its own article. Library comes in behind that. Principle and interest, debt interest, comes in next. Employee benefits fall in next. What we finance types call transfers and other type of activity that the district votes. Then last year we had a citizen partition article. We're likely not to have one but in order to hit all the summary totals, I've got to put in the history in that place obviously [my guess 00:03:53]. As it sits right now with a lot of amendments to come, we have \$6.6 million in front of you compared to just under 5 last year and just under 4 the year before and just under 3.4 the year before.

We're looking in spending an excess of 33% greater than last year's spendings. We'll talk about it. The second page I break is it gives you the other side. It takes the total appropriations and then it modifies the appropriations by things the district doesn't get to vote. For instance, we have to reserve what we call an overlay as a reserve for payments and exemptions. Sometimes we have granted exemptions and we don't have any overlay, so we have a small deficit or two to raise. I'm budgeting level funding, basically the overlay, at 22,000 just to get something bringing into the model.

When we add in the odds and ends, the total appropriation, we're going to be talking about setting a tax rate for, is currently sitting at about 6.625 million. Also what I do for you is I boil down how we pay for it. As it sits right now, we'll skip over the levy for a second. Local revenue, there's nothing really spiking in local revenue, I'm just level funding it at 175. That may change by next November. When we set the tax rate, we have to certify to the state what we actually collected in the prior fiscal year. Generally they don't let us estimate above what we actually banked last year.

We'll be right around 175. That won't change much. Water revenue, I'm just bumping it up \$5000. It's been gradually coming up. I think we're safe there. I keep track of free cash, both non-recurring and recurring; because I want to focus the non-recurring stuff where it's more useful. We in the district off of recurring use of free cash in operating expenses and we'll talk about that again. Other sources of funds, we've been transferring for the post-employment benefit

cost from the trust fund. While we're funding the trust fund, we're also taking out of the trust fund.

Then debt funding is just saying we're going to sell debt. We're going to deal with paying it tens of years ahead. That's what really revs up the big spending week to the 34% mainly tied around the fact that two years ago the ... Three years ago the district voted no debt. Two years ago voted 200,000 in debt. Last year voted 549,000 that [inaudible 00:06:48] is being asked for about 2.65 million in debt. That's going up. Then I do a little summary analysis to show you the trending. The longer trend, spending is about 15% over the four years. It's about 23 almost 24% on the three year.

It's up about 25/26 ... 27 actually, on the two year. Also the levy, because that's the most important part of the job we're doing, setting the budget, is looking at what's going on with the levy. On that page it says, "Total two year levy. Total two year levy," at the bottom in black. First one should say, "One." I've fixed that in the next version. As it sits, the way we're going to talk this evening, we're looking at something on the magnitude of 2.28% levy increase ... which is very consistent with expectations of the municipal world. As a point of information, the town on average almost to the digit has been raising taxes 3% per year, for the last 6/7/8 years.

We're allowed to raise last year's base, 2½. We're also allowed to adjust that base by taxation. It wasn't in there last year, in new growth taxes. It's always more than 2½ unless you don't spend as much as you're allowed to by law. We're certainly trending in the levy's side, where you would want to be. Page 3 of 14. First page is the reserve fund. Now, the reserve fund is established under mass general law. It is the care and custody of the executive body of the governing unit, in this case credential committee. It is bound by statute to be only used for what's considered extraordinary and unforeseen expenses.

What I plugged in to this model this year, is a reduction down to 35,000 for you to contemplate. It has been traditionally 50. The year '13 was extremely ... What would you call it? ... a transitional year. You were living out of that as you hear problems that erupted during that period. The actual use last year was under 30. This year it's maybe eight or nine. We'll probably have a little bit more. We had some winter issues here, clearly nothing on the magnitude of 50. There are 35 in the placeholder, you can move it up or down at your leisure. That's a decision that you'll vote an article at your two weeks [out 00:09:43] meeting and will plug a hard number in there.

That's one that you can play with. Next page 4 of 14. As you know, the district has a bylaw that mandates the motion and that requires that the motion included at the bottom of each of these budget worksheets ... you're going to see that

motion framing itself up in a box. We have to vote laboring salaries. That's voted as a separate appropriation. It's not fundable with the other appropriations. These are the limiting votes that your district likes to vote upon its management team. Our laboring salaries is going to be broken out in the motion.

Then maintenance is broken up to operations and miscellaneous. We're going to see those framing in each article that you're going to take up and deliberate. In this case, this is a [inaudible 00:10:45] department; we've got to address the elected officials. If you're not going to change the elected officials' salary, which requires the setting of the salary, then that's pretty well wrote in stone. It's the cost of nine elected officials at 12.50 and one elected official at 2.50. The treasury line is level funded. We didn't know ...

Stan: We're right here on this page?

Mike: On the second line.

Stan: Okay.

Mike: The clerk is level funded at the salary you've paying there. There's enough in that level funding at the clerical position to be adequate. I think I show you her limit is 18 hours a week. She's currently at 20.60, started 20 and gave her a 3% raise. I've taken the current and I've budgeted another three into the budget. You can do what want with that. It's still under the 30, under 20 rather. It's a turn ... We plug the 20 and we you're getting half the employee. All right. Everything up there is done. Everything is pretty straightforward in expense group. The telephone has been boiled down to 71 bucks a month.

It should be okay. Our payroll services, we've tested and checked that number. Legal, I dropped it from 10 to 7500. You can put anything you want there. We haven't touched it this year. You had legal expenses for the purchase of the property, but that was separately budgeted and charged to the appropriation. At the moment, you haven't spent any. I just stuck 7500 in the placeholder. If you want to change, I'd be happy to make the adjustment.

Stan: Mike, when we don't expend something that's been budgeted but ...

Mike: Closest to surplus.

Stan: ... the profitability.

Mike: The next one, I sent you a email. I've got it plugged at 12.750. The auditors have given you ... If you recall the night they were here; we asked them for a quote. They've given you a one-year quote to do this year. In fiscal '16 there's a

budgeting for or they've given you a three-year quote, that would include the '16, '17 and '18 appropriations which would be '15, '16 and '17 audit. I think I got a copy of their email. I can't remember the ...

Female: Did you bring this?

Stan: I have it here yes. That was ...

Mike: I think that they said, if you're going to do the one-year, I think they'll go with 12.750. It's budget at the single 12.750 rate. If you want to go and execute a three-year agreement with them they will charge you 12.250 next year, go up to 12.750 in the trailing year and then 13.5 for the third year. The choice is yours. We're plugged in at the one year. If we were going to go for the two year, we could take \$500 out next [March 00:14:13]. If you want to take a vote, probably put this on the agenda since it's a procurement vote for your regular monthly meeting.

Fran: Okay.

Mike: If you go for the three year then we can drop that down by 500 bucks. That's a choice you have to come conclusion on.

Stan: That would need to go out to bid though, wouldn't it?

Mike: No.

Stan: No?

Mike: Mass general log chapter 30B has procurement requirements. Exempted professional fields are attorneys, CPAs, engineers; banking. A board is allowed to hire the auditor that it feels comfortable ... Bottom-line auditors aren't always the best, if you get my drift, as is bottom-line lawyers. Lawyer is a protected class as well. You can hire any lawyer you want.

Mike: Enough on that. No, it doesn't have to go out. The board can hire whomever it wants. You can do it now because we're setting that budget up or you do it after the first year. You can go out to bid and see what's out there. There's nothing. Once you entered into the agreement with them, then you own the contract.

Stan: You're locked in. Yeah.

Mike: Okay?

Stan: Thank you.

Laurie: I had some pretty lousy auditors in the past.

Mike: These guys do a decent job. They're one of several. They're out there. We see them all. We work with them all. Treasury services, I banked it up a little bit. That one's still a misnomer. I know you're working on the bid. We'll just let it hang there with a placeholder for the time being. Stenographer, we've been running some expenditures. I bumped it up to 100 a month. I think that's fair.

Fran: That's going to be more than enough, I think.

Mike: Yes, because somebody was ... Are you going to do the district meeting too?

Laurie: I think it's done separately.

Fran: It's done separately.

Mike: Okay.

Female: Yeah.

Mike: All right. 100 bucks a month per whatever you ... I guess it was whether there were any request by the boards to record and go out and post and so forth.

Fran: Right, but both the other boards have clerical services available to them. We don't.

Mike: Okay. If you're good with that, that's fine. The banking expenses, I bumped it up a little bit more. The disclosure, I'm carrying 1500 for that. They serve as a paying agent. They've been surprisingly with thee little add-ons, where you ... I'll go get you that disclosure document that we filed with the SCC.

Fran: Okay.

Mike: The night we completed the audit, the next morning, the auditors sent the bank an undraft audit. They added it to the report and shipped it to the SCC. I haven't seen the final draft at present. Website, I level funded. I remember last year you changed it. She gave you ... It should be okay?

Fran: Yes.

Mike: Okay.

Female: It should be fine.

Mike: Banking, we're constantly getting retrained to death on banking. You can see what we paid in '14 versus what we've budget. We've made some changes to cut cost but I've bumped that up a little bit more. Legal advertising, you have two. You have the tax rate hearing with the ADM, I believe. That's what we've put in there. Postage is level funded. We seem to be doing okay with 650 last year and 553 the year before. Office supplies, we're trending downward. We did some extra ... We got a printer this year, so I think we're okay at 15. Then the computer copy expenses, I've level funded that. [Do some 00:18:00] memberships, I've level funded that.

I've stuck placeholders in there. We can talk a little bit in general about insurance, but we'll pass that for a second. Unemployment as slacked off. Everyone paid about 2500 this year. We're carrying 12.5 based on what we saw the previous two years. We're good to go, I think in five, for the time being. The payroll taxes, they've been growing as we add in. We're going to pick up probably a retro payment for the firefighters in '16 plus adjustment payment, so all that hits my Medicare costs. I've bumped that a little bit to cover some of the ... what would have been normal in this year's budget.

Employer systems has been running the same. It's a contract price. We've left it alone. The town doesn't bump that charge for the services. They do our assessing, they do our tax collect and then they charge us 6800 bucks, 6808 actually. In our report, we've level funded election ballots. We've level funded election cost. We've level funded ... That's the payroll cost basically, for the [ward and 00:19:19] so forth. Then 50 bucks for miscellaneous.

Stan: What's employee bonds? That's always blank but what is it?

Mike: It's a bond on the treasurer but it's part of the regular liability coverage, so there's no funding for that. It's an old one that they had in there that we can probably delete. We don't use that line anymore. We rev up about ... just shy of 140 on the expense side. Comes in at just under 175 which is where it was this year. Still moving debt [chairs 00:19:50] around but I think we're okay. We're basically looking at a third of a percentage point less for the department next year.

Until we play around with that insurance and we talk about fire and water, we talk about whether you want to move that or not. There are no articles for finance or admin or anything this year, at this point in time. Where you'll see last year was the purchase of a building and not ownership of the building. That was pretty straightforward. We'll button it up tonight. We come back around, if there is anything you have concerns about just flag them and we'll fix them.

Fran: Can I ask just one question? There is nothing in here for your computer support.

Mike: Yeah, it's in there. It's computer copy expense \$7000.

Fran: Okay, all right.

Mike: That's the software license that's in it.

Fran: Okay.

Mike: You don't have to ask me. We'll get to that when we get to the article. Everything that was on the front page, you will see all by itself with lots of lines. You have to be careful about talking about that because you have a conflict of interest.

Laurie: I asked a question.

Mike: Are you on the library board?

Laurie: No.

Stan: No.

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Stan: In my case I went to the ethics board and said, "I used to be on the board

Mike: Doesn't matter, you're fine. If you're on the board we're going to have to separate. Because you can't be advocating for ...

Fran: I told Jenny to do this.

Mike: Okay.

Stan: Anyway they came back and said, "Not a problem. Just file the disclosure which is which I filed with the clerk."

Mike: Okay. We're going to skip fire then we'll come back to We're going to skip water. We'll come back to that. That takes us to ...actually there's two pages of water. We're going to go out to page nine. Nine is this public building article that we talked about. Your custodial has been running in hot. It will be hot I think again this year. I think we have a small reserve from transfer. We calculated them. Leaks a small adjustment and wire that to 3,500 to cover you 12 months, that will be just under 300 a month for the custodial service.

That should hold you through next year even if you do adjust the salary, which we did adjustment last year for the gentlemen as well. Electricity, we've bumped it up, rates are doing a little bit of this and that. You also added air conditioning, so we have to compensate for that. If we can get a better number from the installer, as to roughly what that might add. We can secure the number but I think the number is adequate.

Stan: Yes.

Mike: Okay.

Stan: Besides which ... As of July 1st I expect the rate to go down

Mike: That's right.

Stan: It was adjusted up because it there was shortage again.

Mike: I understand. I do it all the time. The bottom line is expected but there is no guarantee.

Stan: Okay.

Mike: All right. We're raising the consumption in this building, not lowering.

Stan: Okay, hear you.

Mike: Water is two bills a year for the minimum 36. We budget 75, so there is a big slash fund there. We're doing gas heat and we've checked the utilization for the last several months. We think the 5,500 they were proposing in there will adequately cover the gas bill. The whole purpose of the conversion was to save money. It may be more savings than what we're showing, but at least we're bringing it down.

Stan: In the library it went down by about half.

Mike: Okay.

Stan: When we went to gas.

Mike: Grounds, we bumped up because 200 more [plough or shovel 00:24:00] just placed adequately. Never mind in a bad winter. We brought that up. Phone seems okay at the level funding. The alarm we've bumped up just to cover any cost adjustment out into '16. It's been pretty flat for the past year or so. Building

supplies we spent 142 last year. We got 150 so I thought we bump it up to ... use of the building is increasing, we're trying to stimulate it. I think that that's fair.

Whoever funded the custodial supplies had plugged a number in for insurance. It's almost 12% up. We'll talk about insurance in general and then the miscellaneous is flat. With the salary bump pushing '17 and about 4½ on operations. The 10,000 figure also includes coverage for the other building on High Street. We're looking at a total budget increase on public buildings, of somewhere around 4 to 4 1/2% right now before any final changes.

Fran: Can I just let you know I asked Gary about the maintenance cost for the system? He said it probably be about 850 a year.

Mike: 850, for the HVAC?

Fran: Right.

Mike: Do you want to put that up?

Female: Yes. When we discussed it we only ...

Mike: We go to 850 from the six?

Mike: Could I have a pencil? Just going to change right here. You want to go to HVAC. Okay, that fixes. 850. Now it's up about 5.36, no big deal. Then you'll see the box again. The motion will be for the labor and salaries, the maintenance, the operations the miscellaneous et cetera. There is one capital outlay article proposed for this budget. That's going to be 30,000 to finish up the interior of this building. You'll need to vote that as you put your rope one together on the night when we do this out in the regular meeting. We have covered that. Next page is still DPW, it's the streetlights.

The electricity is budgeted down ... it was budgeted down this year, because of the change to LEDs. It's budgeted down more because we're trending now. We've got a budget of 900 a month and we've been running 815, so I think we're adequate there. If the rates do turn as we go forward, we should be good through '16. The maintenance, we've gone to a 95-dollar-a-month contract. When we put in that we basically have 1,200 bucks. Then lights, a budget of about 700 bucks to put up a light. You already have the contract in place to cooperative.

Basically if somebody comes and wants a light added here, there anywhere, you've got the capacity in this budget to add about two lights a year. Then the last line item, I think I pointed it out last year. I point it out again, I don't believe

we need \$4,000 of insurance to insure streetlights in case they fall down and hit a moving target. Because that's about what it is. You have general liability coverage, it's adequate. You've been ... I don't know how many years you've done this. In the last 10 you've spent \$40,000 just to insure yourself. In case a streetlight hurts somebody or some property, it's just beyond my ...

Stan: You said that under the general liability policy we're covered?

Mike: Yeah. It's an additional insurance coverage, specific to streetlights. It's a specialty market. It's bought and paid for. I believe the original theory was that, it was a contract or requirement. I don't buy it in West Barnstable. Streetlight people don't come and say, "We're going to disengage from you doing business with us, because you don't have the specialty streetlight." I can guarantee you that I can go to Common they don't have it. I can go to Barnstable and they don't have it. I can go to High Ends and they don't have it. It's there it's your choice if

Stan: Should we consider to dropping it?

Fran: Definitely.

Laurie: Absolutely.

Mike: Again when we come back around we'll vote these budgets the night we bring in ...

Stan: When would be the time to make that decision if we

Mike: You could do it right now if you want. If you want to cancel that coverage, I'll take the 4,000 out right now and template will be set to go.

Stan: Let's do it.

Fran: Do I hear a motion?

Stan: I will make a motion that we drop the insurance for the streetlights.

Fran: You second?

Laurie: Second it.

Female: All those in favor? Unanimous

Mike: Good job. Next one is library.

Fran: I have a request that I was given from the library.

Mike: You can put it in. You can take the vote you want right now. The template's holding it at 2½% increase. You can put whatever number you in there, it's your warrant.

Fran: Basically the request from the library is to increase it from ...What was last year's?

Mike: It's been currently 18,450.

Female: From 18,450 to \$20,000.

Mike: That's an 8.4% increase.

Stan: Yeah, it's a small amount though. You can do as you want.

Mike: You want 20,000 in there?

Stan: I would be in favor of that.

Laurie: I can't vote.

Mike: You should stay away. You should leave the room, just being in the room you can influence. The two of you are going to have to come to some terms, as to what you're going to put in.

Fran: If we give the same raise as, same increase that we gave last year. They will get \$18,910.

Mike: Yeah. I think in round figures it was 249, whatever the number was I don't remember. 18,910 ... 18,910 is a 2.49. It should be slightly more than that but we can do 18,925. That takes it up to 2.57. You're in that zone 189, 189.10, 189.50

Stan: What's your objection, Fran? What point?

Fran: I think there are a lot of other increases that we're going to be having along. I know everybody likes the library. I like the library, I served on the board. There are lots of other needs. The district's going to need fire trucks. They're going to need a huge new water tower. I think to a certain extent ... I think more people who use the library could probably give more money to it, as opposed to the taxpayers.

Stan: I look at the library as a community good. When we did the surveying and we got the stakeholders in the town. They consistently said they want the library to be a community place to meet, and it certainly is. Other than Freedom Hall the two are the only other place in the community to meet. In addition, they've taken on a lot of additional responsibilities, like for Angel House. They bring the women, the homeless women in. Not only do they do things for the kids.

If a woman needs to generate a résumé they help out with that. These are the things that they're doing. An outreach program for people that can't get out of the house to ... so they can bring books back and forth, all of these things. None of them add a great deal of amount but taken together they add. I totally appreciate your consideration to go up to 20. Although the percentage looks large the dollar amount really is like \$1,000, \$1,100.

Fran: I'd be willing to go up to 19. I think any more than that ... I think that might give the library unrealistic expectations for the future. I'd be willing to bump that up to 19 but I think that's as high as I go.

Stan: I know. I'll go along with that.

Mike: Is that a move second to vote it?

Fran: Is there a motion?

Mike: Do we need a motion for this because this is a draft?

Stan: No. This is going to be the real one.

Mike: Okay.

Stan: We're just going to re-ratify it. The more you can knock out today the less time you're going to take on the next one.

Mike: Why don't you make a motion for him?

Fran: I'll make a motion to increase the library disbursement for 2016 to \$19,000.

Stan: I'll second it.

Fran: All in favor?

Stan: Aye.

Fran: Aye, so moved.

Mike: That one's changed. Now the next page 12 of 14, I'm going to keep you at the top for the minute. At the top part you see that we have long term, short term. You can see the trend. Fiscal '13 was actually down 1% from the prior year. There was a small short term interest expense. Basically the two top lines, is the principle and the interest of the already existing bond. Will cover water tank one if you will? That's been pretty flat across the years. You can see it's 105 the principle paid down every year. The interest goes down because you're paying interest only on the outstanding balance.

Every time you pay a principle payment down, the next year of interest costs you less. We've been running notes now for couple for years, as these little 200/300,000-dollar projects have been getting voted. Some of them actually go back to '11 and '12 they were voted. They're just starting to hit the road with the rubber. What we have in there is we have \$268,000 in the '15 budget. That's pretty much done. In the '16 budget the 3,050 ... \$100 is just for the he bottom number. I'm going to go up. I've dropped that from 350 to 100, because we're really not doing much in the way of payments. We're not having anybody hit us for interest.

We have to have that little number up just in case somebody does. The \$3,050 ... Just this week we sold 600,000 in change worth of notes. You signed them at your last meeting. That 600 in change is coming due next April when it's going to cost \$3,050. To pay the interest on a note we just sold. What I have budget for in that 160/\$200, is what I've planned to write down next year at the anniversary day. It's going to be three water notes and a pay down on the building on High Street. That budget is pretty much locked and loaded. There is not a lot of give me and then.

What I want to show you down below is, I've built this schedule. What it shows you is by project, what I think is going to happen in '17, '18, '19 and '20. I'm giving you a four-year look forward with some assumptions. As you can see, the current principle is on the tank. We've been carrying temporary debt for roads. Which I'm assuming that what we're going to do is, we're going to have a vote in this district meeting to do a water tank project. We'll do notes on that and we'll eventually bond it. We'll bond it more than likely during '17. We're certainly not going to bond it in '16, because we'll still be building it.

We won't bond it till we finish building it, so we know what we spend. We'll just use notes. I'm assuming a bond sale in '17. I have 105 existing and a 58250 and even in '17 we'll sell it at the April date. When our notes come due ... What we usually do is bond to pay off all the notes. We'll have temporary pay downs; short term principle on the water security which is just beginning, which is a vote that goes back a while ago. They're just starting to spend some money. The fire truck

that is on this warrant will start paying principle for that in that year on short term basis.

The water tank principle will borrow for the year, so we'll pay down 100. Then assuming interest rates are going to be fairly flat again another year. I've plugged in a reasonable interest rate. Then I've plugged in the cost of selling a bond into this particular budget. What I'm trying to do is grow from 330 this year to 430 next year. Because in a year when we sell the bond and we have all the permanent debt loading on, I'm thinking you're going to be spending in excess of \$500,000 just on fixed principle and interest. Which will then curl down slightly to 496, and then curl down again to 482.

You're looking at the magnitude of \$500,000 a year going forward. What I want you to think about is, as these debt votes keep coming there is a time you have to pay it. You can see these votes go back into district meetings of '11 and '12, '13 and '14 and '15. What I also was showing down below is that '14 debt was up 15%, '15 was up 16%, '16 is up 17%. I've pushed it harder next year to drive it up, so that the jump doesn't go from the threes to the fives in the trailing year. To get some of it paid down in the note world before it gets into the bond. There is no guarantee any of this is going to happen as an absolute.

It gives you a visual. It also at the very bottom ... I want you to be in the focus on where your capital costs are being generated. Your general government you can see is going to start costing about 30,000/35,000, that's mainly developing. Public safety is going to be in the 40s. Because we're just going to get that truck, I'm not sure I got that truck right. Because that truck I can put it out for 15 years ... Or what did I do? It's 16 years. Is it 16? No, the tank. The truck, it doesn't really matter. The fact of the matter is the fire truck is going to be your only debt. There 42,000 for 10/15 years is how you're going to pay for your 550,000 fire truck. It's really the water system that has loaded all the debt on and is loading it on

Mike: You can see that it's going to grow into '18. Once the bond is sold, it's going to be in the mid to lower fours. I'm just giving you this insight into what's coming. ASs these votes to issue debts keep coming and coming. That water has also got that restriction that's still hanging out there. That we haven't sold any debt for that isn't an absolute. It's safe to assume it's going to happen. That's in there driving the water debt up as well. The budget we're going to seek to approve is the 331 this year. It's going to quickly go up substantially in the next couple of years.

Stan: Just looking at some ratios. What ...

Mike: I'd rather not. I don't do ratios real well. I don't have anything in my head. I agreed I'd meet with you. You want to get into ratios or something I'd be happy to.

Stan: No. That's something ...

Mike: I want to get us through this document tonight. Then we can start side of into the areas we want covered.

Stan: Forget our ratios. What's our total debt look like compared to our income?

Mike: I don't know, I don't know. I just told you I don't have your numbers in my head. Any ... You want to do a quick ratio or ask ratios. Any ratios you want to do ... You just got the balance sheet right?

Stan: Yes.

Mike: There you go. You got an income statement in there, you got ... There's fiscal '14 audited at GAP. It's not very accurate as far as what we're doing here, because it's going to be treating depreciation and everything else through that model. You can answer your ratio questions, just pull that up and look at it. With the next page 13, we're going to look at the benefits. I also gave you a separate schedule of benefits. Now the thing about benefits is we're actually proposing about a 5% reduction, believe it or not for benefits. A lot of it has to do with personnel changes. One employee, long time employee, family man just came in one day and said, "I don't want any insurance." It's gone, okay thank you very much. Several employees retired

Laurie: [Inaudible 00:43:17].

Mike: No, don't do anything. Just say thank you very much.

Laurie: Okay.

Mike: Another pair of employee's new hires, young people don't want health insurance, on mom's insurance, because I'm not 26 yet, so we have two more employees no more insurance. Believe it or not we've actually experienced a reduction in the census. Not to say that they can't change. The model you see, starts you right up with the water employees. You see the very first water employee is only buying dental and life insurance.

The second water employee is only buying dental and life insurance, the third water employee is a full boat. The fourth water employee is a full boat. The last water employee is just buying life insurance. Now if you pull this model up from last year one, two, three, four, five. Fire you can see the model shows you whether they have dental. First fire employee has both dental and health. Some have life, some don't have life.

Fran: Can I interrupt for a second there and ask a question about the life, because the life insurance is a requirement of the contract. Have these people voluntarily said they don't want it or ...?

Mike: Life insurance is ... Also you got to be healthy to get it, so some of them don't want take the exam.

Fran: Okay, thank you.

Mike: Some have failed the exam. They have to wait a year with several new fire department employees who are still in there one year. Why they ever change from the same as everybody else, when you come in, you get it. When you come to work for this employer except in this one contract somebody got smart and said, "We're going to wait a year, but you're going to have to pay 100%." Somebody said, "Okay. For \$3.70 a month, I'll pay 100% and wait a year."

Now they wait a year, then they have to take an exam. Some of them don't want to go through the hustle. At the one year anniversary, some of them will hit it this year and probably buy it. We have actually chased down every person because when I do these models and I find these deficiencies, we fix them. There were a lot of deficiencies in this schedule.

Stan: What you're telling me is a fire department employee can refuse the life insurance. Then they get killed in a fire ...

Mike: It's a 5,000 minimum coverage, the state law that covers them in a fire.

Female: I still [inaudible 00:46:04].

Mike: We don't insure them if they get killed in the fire. We don't. The State automatically deals with that. In the pension plan, that we have, deals with that. We don't carry life insurance [inaudible 00:46:14]. Nobody, we don't carry life insurance for anybody. They buy it, we provide it, we give them the access. They can buy \$5,000 of accidental death and dismemberment. That's it, and that's by state law. Nothing to do with in the line duty injuries. That's what chapter 32 ...

Laurie: I get the same thing; in sort of state retirement.

Mike: When we run these balances up, what this model shows you is that I have budgeted one extra life, one extra dental and one extra phobo health. In the numbers that you see on the spreadsheet, for that article, just in case a demographic changes. We have some potential retirements in the fire department which would save the new employee that old coverage would continue and pick up the new coverage. The budget as it's built ... If you look at

that model; it shows all the details at the very bottom. It shows you that I'm carrying an excess of about \$22,000. It's enough to cover one life, one dental and one family best you can buy kind of health insurance.

That budget, even though it's down 4.7%, it's good to go. Now, the last page is the stabilization fund. That's been historically \$25,000. That's been building with no grand scheme of how to use. It's something on the magnitude of 500,000 in change in the stabilization fund. This perceptually is a continuous 25 in. If you think in terms of what you going to do with that, it's specifically for capital purposes. Ambulances are more like a 7-10 year life, on that vehicle. You bought any ambulance this year, we used free cash, and it's in the 250 range. If you going to replace that ambulance in 7-10 years, it's likely you're going to need to have \$300,000 at the time.

Or you're going to have to issue debt. It might be prudent to thinking in terms of bumping up the contribution to link it to the replacement of a big ticket item like an ambulance or like a fire truck. Anyway, that's where it's at right now. If you want to change that, we can change that as well. That would be something that you would probably change as you get closer to balancing the equation. Trying to keep that 2.5, or keep that tax levy increase into that proper range. That's the first blush through all about water and fire. Let me just go back to first file with you.

Stan: Can I just ask a question? There was [inaudible 00:49:21] are there any general guidelines for a town this size or a budget this size, what the stabilization fund shouldn't like ...?

Mike: No. The GFOA of the United States and Canada Government Finance Officers Association, they talk about fund balance. They don't care what you call it. In Massachusetts we have all these fancy names. That is a fund balance reserved for capital appropriation, if you will. It requires $\frac{2}{3}$ votes to put money in, requires $\frac{2}{3}$ vote to take it out. It's not liquid as ... As liquid as regular surplus. We would count that as part of the overall reserves. We have undesignated fund balance which is really ... It's a liquid equity of the cooperation. There are other fund balances, but those are the two big ones. The general rule of thumb is that you should at least 60 days of cash. If your real operating budget is, let's say 3.6 million.

Stan: 3.6 yes. In between ...

Mike: Then you would be looking at 300 grand a month. You will want 600,000 to have two months' worth of ... If the bills don't go out, the assessor doesn't assess, the bills don't go out, the cash flow dries up. If the cash flow dries up for 60 days, and we haven't got two months' worth of ... Because we only get paid four times

a year. The general rule of thumb is the guidelines say we as a professional organization recommend to our leaders is at least 60 days of expenditures in fund balance.

Now fire, I've taken the budget that they've developed and drafted into your template. The one thing that is highlighted here is that all of the salary wages ... Salary wages are up 3% over last year. That's mostly step raisers. The fire commissioners have amended the chief's budget by 3%. Then the second line, permanent, fulltime. We have 12. That's just up 2.2%. That's just steps only. People who are getting steps from bettering the existing contract at the amounts that are in the existing contract.

The current contract, the fiscal '15 budget, is at the old contract rates. It's extending ... In fact at a special meeting we added 25,000 to continue the efforts to try to bring a deal to the table. If the contract isn't settled and funded in '15 is becoming less likely than it is, then the '16 is going to have to pay back the '15 plus carry the second year of the contract in it. The commissioners have not put anything in this budget to reflect either a '15 or '16 salary adjustment. Clearly the '16 budget is, in theory, understated by whatever the second year of the contract requirement is.

The '15 budget is understated by whatever the first year of the contract negotiation is. That's the way we presented it. We're just going to keep it as a placeholder in the model for now. The rest of the budget is in the way they've presented it. Any of their notes that they added to their template are in your template. You can review this at your leisure. The second page brings it to conclusion. As they've presented to you right now it's about 4.6% up over the prior year. The expense side is up about 10½%. The labor side is up 3%. That's before adjustments.

Now when you take a look at the capital outlay, last year they had three articles. This year ... The third one was the 25 that was at the special. They had two at the annual and one at the special last year. They've asked for 37 for chief's vehicle and 550 for a truck. The debt that I showed you, assumed that the truck would be bonded. I brought up the stabilization fund because there is enough in there or there will be enough in there to do the truck presumably from the stabilization fund. You can pay cash and drain down the stabilization fund for the truck.

You could do some appropriation and authorize some level of that. That's going to be a decision now that we're probably going to have to hit the night of your meeting as well. When we pull all this together we'll see better what it's doing to the levy and what those future ... If you can knock that future debt down, you can say, "We saved to buy the truck." We'll commit to a 30/40,000-dollar year

program to get a new ambulance going. Then what you've done ... I don't know what other trucks are in the queue. If there's a ladder truck

Laurie: I think we're going to want a second truck ...

Mike: Eventually they will but we've never have had a full vote capital plan for the whole district that shows what everybody's got in the queue. Water gives a little bit every year, a little bit more for next year and year after. Fire tells you what they want, but I've never seen any comprehensive capital plan. The building was bore down out of the sky. There was no plan for that. These are critical pasts that need to be ...

Laurie: If reelected, I hope you will have five year plan

Mike: These are the push-shove areas that we're going to ... That's why we're doing this workshop. In this case, the free cash will fund the truck, the chief's vehicle or whatever. Then I've just said stabilization debt funding, lease funding ... They even talked about leasing. Leasing is more expensive than doing a bond.

Laurie: The interest was ridiculous.

Mike: It's market rate. They're not tied to the fed fund or anything else ...

Laurie: They didn't realize that.

Mike: No, of course not. We can borrow at much lower rates than we can lease out. A two or three year police vehicle lease is a lot different than a 10/15 year. That truck goes out the door the day the lease ends or you buy it, you better have another one ready. It's all on the table. You're the advisory committee. We'll figure it out as we get closer. Fire's in there, they're presumably in there. They'll presumably be at your next meeting we'll have work through how we're going to pay for some of these big ticket items. Then we still got to address these two years of unsettled contracts.

Stan: Is there some reason that they haven't included that ... The '15 ...

Mike: The general rule of thumb is they don't want to tip their hands. The point that didn't get made before when you saying, "It doesn't matter if you go up 8/9% for the library." It sends a signal to the employees, that they should get 8/9% because it's not that much. The reason that people try to be altruistic across the universe of the appropriations, is because there's ramifications back into the employee ranks. They don't want to show a number that's too high while they're at the table trying to negotiate something. That's the general strategy.

It still has to be conversed. They still have to know that, there are unknowns out there who plan for that. If you don't appropriate at this district meeting for those two contract year settlements sometime during '16, you're going to have a district meeting to do it, a special district meeting which is okay. It's just is another meeting and you tell the district, "We're raising your taxes to this." Once we set the tax rates there's no more votes from the levy, it's going to come out of surpluses. We have to be careful how much we close out this deal within our surplus as well.

Water. Same thing with water, that's page 7 of 14. Water generally gives you everything at the front end. This year for some reason they hedged on salary and wages. Not when they presented their water the night they were here, on the mandated bringing the budget night. They didn't put any salaries/wages in because they weren't sure of what they wanted to do. I don't think the chairman was very clear. What I did just to get something in, so that we can see the bigger picture, is I took what the individuals are earning now, and calculated it and assumed a 2½% adjustment to the current year's wages. Just to get a number in there.

They had given us the ... We call over time which is their on-call. For unknown reasons they showed up short on that. It's a substantial amount of money. The bottom side of that, the expenses are, as they presented it, with their footnotes in the right-hand column. Still have to hammer out a final salary wage budget with the water commissioners at your meeting. It's pending on because they haven't come forward with what they want to recommend to you. At least you can see ... That's why I say the front page rolls out of all these back pages. I'm trying to do is get you to a good vision of overall what's going on. In this case I've uploaded a little bit of extra in there just to get it into the model.

Fran: Interesting. Percentage.

Mike: Because I always link that language to the same levy. I'm always targeting the levy not to go up more than 2½. I never like to see any budgets going up more than 2½ or at least trading one down for one up, because you can raise taxes into infinity and nobody can do anything except throw you out of office. Now we have a water budget that present with some estimated salary wages. On the next page, 8 of 14, this is where we bring in the capital. As you can see, their request this year is they want a truck for 30,000.

They want a water tank for 2.1 million. They are requesting 2,130,000 capital outlay, which is enormous lift over last year because of that large tank. Then I boxed in, so you can see the motion as it's framing up. What I also wanted to do for you because it hasn't been brought to bear in much conversations since I've been around. As I show you down at the bottom, the actual operations costs for

2013 and 2014. I show you the budget for '15 and '16. I show you the capital costs and then I've gone back and I show you what the actual annual debt costs were over the debt budget.

You can see that in 2013 it actually cost you about \$860,000 to operate the water. The recap revenue we budgeted was 481,000. It comes in pretty close to what we put on every cap. I haven't done deep, dark analysis, but it's good enough for what we're doing here. The following year, it boiled up over 900. The debt grew and I started doing a better revenue estimate because this is the first year that we had good numbers. We went to 535, and that was ... Still 41% taxes went into the water operation.

The revenue that we budgeted for this year is 540, the budget we created this year was a million 120. In the year we're in, we're currently subsidizing the water operation at about \$580,000 with tax levy. That's about 52%. Now the one that we're looking at, based on the numbers I dropped in above, that's one reason why I did this, because I wanted to see what we're looking at. The small truck is the 30. The debt cost that I have brought forward is just pinned on notes; it's only 269/267/268. Those other figures I showed you, ramping up into the force, are going to kick in, in a year or two.

This year looks like ... Because we paid ... used free cash last year for that 120,000 engineering for the [inaudible 01:03:00]. That was all subsidize by the tax base. That's what drove last year up to over 52. I think we're settling back down into that 40-45 range that we've been trending over the prior two years. Again it's just insight into your decision-making that at some point, and I have no idea how far ago in the past it was, rates might need to be changed to take some pressure off the tax levy. Rate changes need to be done in such a way that we can prove to the DOI that whatever we're estimating, when we set the tax rate, we're actually going to collect.

Normally, if you're going to bump up the estimate, like we're doing '16, the rates will have to have been voted in '15 and in place on day one of '16. I'm not sure if that's doable. I just want you to be in thinking in terms of the process when you talk to the water commissioners, that if the district wants to continue just collecting 4/500,000 a year for water and putting it all on a levy that's okay too. You can do that. People tend think that my water bill takes from my water expense about half, maybe a little bit more. That's what I want to show you in water.

At this point, we've covered everything that's in your package. We've got a pretty good insight into where things are or still in flux, the fire folks will be in to see you on your regular monthly meeting. The water folks will be in to see you. We all have to put the one at that night. We know we have this number of articles;

petition articles could show up still. Although most petition articles generally don't have money associated on them. Last year we had one of those as well. I think you're in pretty good shape. You can see that we're tracking in the 6.6 million-dollar voting range. We're tracking in the 2½ -3% tax increase. There are some things we need to decide about resources for big ticket items. How do you want to pay for your truck; the big truck? How much more debt is behind what we already know. Those are about the biggest ticket items and challenges.

Fran: What did you say the amount of in stabilization?

Mike: I think it's about 500,000. I had it before the meeting, so let me just check. I will update all these to the meeting we're going to go to. We had 589 at the close of business on December 14th, about 590. You can do the whole truck as a CD that's earning. We're going to put another 25 in. You would still have 125 or more because it's 40 in there, above the 550 plus the 25. You'd be in the 60s. You'd be building ... You have 100 towards your next big ticket item. It may be prudent, as opposed to letting that debt go up like it's going to go up, to not do the debt on the truck.

Just use the free cash for the ambulance this year. Free cash is trimming down. I've got overlaid surplus. It's an available fund of 192,000 will be certified with the assessors. It's going to cross to free cash. That's going to give us a nice start for free cash next year. These will be ... I will prepare some more detail of what's available for you for your next meeting. I'll try to give you some guidance. I think I'm leaning towards stabilization for the truck. Get that future debt down a little bit and might allow us to even spread it out a little bit longer and stabilize that especially if it's no more in the queue for a few years.

Stan: How much would you use out of stabilization for the truck?

Mike: I take the 550 and but the truck with it.

Stan: You said we need ... We should direct recommendation is we should have two rolling months stabilization fund to cover across ...

Mike: No, no. Stabilization fund is only one of a number of fund balances, I said. Stabilization and undesignated fund balance are what we call free cash. Quite frankly, I don't think the stabilization is a place to pay your operating bills. That's why it's a 2/3 vote. It's not there for a rainy day fund. It's locked up in the CD. It's not liquid. You're asking about what is the normal reserve? It's 60 days of cash flow; two months. That's what would normally be in free cash if you're going to live up to that. Most cities and towns have 5-10% because they don't want to save that kind of money. They want to ... Give libraries money.

Everybody wants to give their favorite but they don't want to give them their non-favorite. They want to save but they don't want to save to the limits we recommend. I'm thinking right now, unless somebody convinces me otherwise, the stabilization fund is right there where the track is. It takes 550 off the debt schedule and leaves some money in the fund. A new contribution maybe gets up, and I would direct that to make sure there was enough to buy the next ambulance from the stabilization fund. We're allowing the state law to have specific stabilization fund, so the district could actually create an ambulance stabilization fund.

Fran: We had one once upon a time.

Mike: May have. If you did, then there's a documented vote by the district that says it's still there. Regardless, we could do it the right way and you can say 300 a year for ... 30 a year for seven years is 210 and 40 a year is 280. Then you know that every year you have a tax payer equity issue when you do these save ups. All these tax payers have contributed to it. Then you don't use it. You just sit on it. You got tax payers in this generation paying taxes to bank money that some future generation is going to have a field day with it. I believe when you've got 550 and you need 550, it's magic.

It works. Leaves you 30/40 put another 25 in, and then you build the fund balance for another ambulance seven years down the line. The free cash needs to be protected for cash flow purposes more than stabilization does. I'm thinking you pay for the truck out of that. It reduces that impact of that debt going forward so your levy is softer. Interest rates aren't going to go up very fast. It's a good time to be selling debt than getting it. If there's any more to come people should probably say, "I need it now." Get it done so that you can sell it at this low rate, because rates are going to start picking up."

Stan: Do we have more than one loan in the outstanding ...

Mike: No. Just one.

Stan: Just one? When is the last time when we financed that?

Mike: It's never been refunded. It was actually funded two years ago.

Stan: Two years ago?

Mike: It's market rate. You're not going to get a refunding when you cross]. No, there is no incentive to refund that particular piece of debt. Refunding was a game we played 5 or 6 years ago and even longer but not happening now.

Stan: The other question I would have is, one of the statements you made is you wouldn't want to go out and bond something today when we don't know exactly what the final cost would be ...

Mike: We use notes. The district is going to authorize \$2.1 million to tear down two tanks to build a tank. They're going to elect three contracts and probably a couple of engineering contracts. They will have an engineering contract and a tear down. They'll have an engineering contract in the build and they'll have an engineering contract and a tear down. Those six contracts will boil up to some amount. Can't be more than 2.1, but they might come in at 1.75, might come in at 1.8.

Now you want to go and borrow 2.1, to find out I'm sitting on 300,000 because then I have what is called Arbitrage Rebate. Because now I've got borrowed proceeds in a tax free market and I'm investing in the market. I have to give all income I earn on that to the IRS. We avoid that, by taking notes as we construct, button up construction, punch list is done, we know exactly what we need to borrow. That's what we sell the bond for. We pay off the notes.

Stan: Thank you for verifying that.

Mike: Go ahead.

Fran: Insurance.

Mike: Insurance. In your fire department budget on page 6 of 14, just above the total fiscal year budget, you're going to see insurance property and liability. You're going to see insurance vehicles. You're going to see insurance accident and sickness and umbrella. There are three lines in the fire department. They've put in 30, 9, 8 and 6,000 ... I'm sorry, 12,000. That's where coverage for the fire department vehicles, the accidents and sickness and the buildings and liability are there. That also covers the bond you asked about earlier. That's in there, workers' comp. You're going to have the water because fire doesn't really do workers' comp, they do accidents and health.

That's part of our insurance plan. If you go to water, page 7 of 14, near the bottom of there, [inaudible 01:13:31] list. You got insurance property and liability of \$56,000, vehicles of 5,300 and workers' comp of 87. Now the workers' comp for you three folks, that's in the war department. The workers' comp for a gentleman that cleans this building, it's the only place we have workers [inaudible 01:13:50]. When I first got here, you didn't have workers' comp nor did the custodian. No officials did nor did the female employee in the fire department that does clerical work.

Not did any of the females that worked in the accounting office have workers' comp coverage. We had a workers' comp. I make sure that at least everybody's payroll was included in the there. Everybody is fully covered. You have this mismatch. Everybody's running around with insurance money, I think the brokers ... Then we have the insurance and the electric lights. We also talked about. There is, I believe, an economy of scale that could be accumulated by putting the insurance in one place in the avenue and procuring a package of coverage for all of the district's buildings, all of the district's vehicles, all of the district's liability and all of the district's workers' comp.

Laurie: It's been discussed in the past and they have never got it.

Mike: May be ...

Laurie: Bottom line.

Mike: Again, you go in the district committee, you recommend your budget, if they want to take your budget apart and make it their budget, then that's what the attendees are there for. I'm just suggesting that I don't believe that I have found risk exposure in that there were literally a dozen or more people who were not insured for workers' comp. Because water only worries about water and the only place I can find a workers' comp appropriation is in water. Maybe we should put a second workers' comp policy and buy two. Because every policy you buy has an admin clause in the frontend and then it has its coverage component. I just believe that the district can't do worse than what it's doing by consolidating. Again, it's your thought.

Laurie: I have presented it and they discussed it before. But I couldn't get them to vote.

Mike: At your meeting when you review these two departments, their budgets, you can have the conversation. The models are all built, take them from one, put them in another, leave them where they are, makes no difference to me. I think you can do a better job making sure that you don't have exposure for uninsured risks and save some money. That would be ... requiring one comprehensive request for coverage. I believe a lot of them use the same ... To the best of my knowledge, Mycock or VIF are the only two places that the district has any purchasing of insurance. I still quite have ... Frankly haven't figured out where what is ... I think this building is separate with Mycock. The street lights are with Mycock. Then I lose it after that.

Fran: I apparently VIF wouldn't insure this building.

Mike: It's all right. That doesn't mean that ...

Fran: Somebody else won't.

Mike: If they're not going to insure this building then maybe somebody will. They'll also insure the fire department and it might be cheaper. Because there are bigger bolder companies, if they're willing to take this risk on, then they sure as doing to take down the fire station for fire coverage [inaudible 01:17:09]. How much would it cost? What's their loss potential? A fire station going to burn down?

Stan: How do we go about taking ...?

Mike: I think you take it up with your fellow boards on your review night, it's two weeks out, right?

Fran: Yes.

Mike: You can hash it out amongst yourselves. You're going to recommend a fire budget. It's going to be in your book too and this package, to the district at the meeting. If you disagree with them, then they will try to amend your recommendation because you're going to move the budget. Normally let them move it. If they're adverse to it, you're the recommending body. You recommend the budget would be consolidated, if that's what you want. It shouldn't be a big deal. Either they're with it and you do it, or they're not and you don't. You move on. It will be that night. You're not going to do it tonight.

Fran: Yeah. Right.

Mike: You're going to give them a conversation further.

Fran: Yeah.

Mike: That's what I would do. That's your insurance. Dilemma is, where do you it? Who manages it? How does it get shopped? If you all go out together for three pieces and three separate budgets, it just seems a defeating of a consolidation. It would be ... We have VIS insurance for the sickness and accident in West Barnstable. Because it's voluntary fire insurance and it's what we are. Accident and sickness is really the reimbursement for their 1-11 [inaudible 01:18:46] because we self-insurance for workers' comp in Massachusetts, for public safety.

For police and fire we don't have workers' comp as a rule. They have an accident and sickness, the district gets some recovery and that comes in as general revenue and miscellaneous revenue when we're paying somebody who's out and injured on duty. We have Rogers and Gray for all the other coverage. They've bid and they've covered the buildings and the vehicles and the umbrella everything

else in that line, general liability. That's not to say that, they would be interested in bidding here.

They wouldn't use necessary VIS for the building. They would use whatever company they could get the best deal from for all the buildings. You've got buildings on all the water properties. You've got building out on 28, you got this building you got the two buildings on High Street. There are a lot of physical locations at this point. I'm not even sure you got everything on schedule. I've never sat down and ticked and tied all the properties to the insurance schedule to be honest with you.

Laurie: The consolidating the insurance could we get it all accomplished in time for the district meeting?

Mike: Oh yeah. It would be the way the budget gets ... It's either going to be on ...

Laurie: Just take the amounts they have ...

Mike: In their budget and put them all together and this goes down and that one goes up. It's still a net-net, the same. Then it's only one place and the district can try to achieve a better performance. It starts with getting quotes and quite honestly if it's going to be piecemeal then we have to chase our piece. Because we're not in control ... I'm not even sure the renewal dates are [inaudible 01:20:24]. I think there are some July 1 renewal dates. Because I think we get this hurry, hurry give us a check on July 1. We'll deal with it after the budget's set in two weeks. First you're got to decide how it's going to ...what the approach is going to be.

Stan: Let me ask a question on the procedure. Since we're budgeting the money separately for fire and water for insurance, so we have a total number in the budget. If we don't make the new estimates, the new consolidations in time for the district meeting ... Can it happen after the district meeting? As long as you have the money is appropriated it can happen anytime?

Mike: Yeah. The package can be put together and the bids go out. You just pan form ... it's like a spider web. You got to make sure you got this piece to this piece to this piece.

Stan: If it comes in to equal or less we're covered for the total insurance?

Mike: Yeah. We've never had trouble estimating total premiums. It's not the problem estimating the premiums, I think there's gains to ... Every year they just call the same guy and he says, "Oh, put up 10%." Nobody says, "Gee that's seems like a lot." I'd rather give it to the library. I'm not picking I'm just pointing out, that everybody has their favorite things to do. Some people just want to call one

phone number and say, "How much should I put my budget?" If they give you a number that's large enough, then they can tell you what their premium is after they've told you what the budget is. It should be the other way around.

Stan: At the library I did go out to bid the general liability policy. We save \$3,000 a year.

Mike: Cheers. That's my point. There's plenty of competitive business out there ...

Stan: Absolutely.

Mike: for underwriting insurance. It's not rocket science.

Stan: How do we ... What leverage do we have over the commissioners in the water and ...

Mike: I don't think you have to worry in terms of leverage. Most people are good and common sense will prevail. Either you take a chance and put it all in one place and try to do a good job. If it fails then migrate back to the old model. I don't think it has to be a big deal, it's just food for thought. It's something that's it starts in this process, if you're going to do anything to change it. You can't change once you've recommended the piecemeal approach again. You're right you can go out and did it. The next year you can back and say, "We beat it all out and we paid it from all these lines. Now we just want to put it right here." I'm good if you're all set.

Fran: Okay, thank you.

Mike: I think you've got enough. You can look at your papers for a while and figure out what you like and don't like. If you have questions you can email them to me. I think we're in pretty good shape. We know where the highlights and lowlights are. It will be important for the two commissions to come in and finalize those two big ticket budgets. Everything else within your domain seems to be in pretty good shape. That's about it. I have this new timeline graph. I didn't give you much data on it, but I'll issue another one the next time we get together for the backing. Nothing's changed. I'm not sure what day Charles is going to post his warrant. It will be sometime after your meeting. I think everything else is pretty much the same. Civic association 21 April ... We're not going to have much more than what we've discussed here.

Laurie: Yes. If they do a .

Mike: We can talk in general. Water will be ...

Mike: ... water and fire go and represent their own, right?

Male: Yes, right.

Mike: They can talk in general about what they ... Because water hasn't given you even salaries yet and fire has some ...

Laurie: The contracting out there.

Mike: Yes. I haven't put that date down. Do you want me to do that meeting, the 21? Or are you going just to cover it?

Fran: I think usually we just cover it.

Mike: Okay. They've always had me come.

Fran: They've had you come?

Laurie: By all means.

Mike: I prefer not to, to be honest with you, because it's like I can't answer your questions. Because there is no ... I would think that they would do candidates first and budget in May when everything's set to go, when we can have a realistic discussion. Remember lady last year was screaming like, "Hey " We're only half way through our own deliberations. We don't even have final budgets yet. What are we supposed to tell them?

Fran: That's right. Boy scouts are here tonight.

Laurie: They're downstairs.

Mike: I'll drop that date on my book. We can tentatively be there. If you want me there, don't want me there; just let me know. I can take it. I'm not asking for the assignment. I prefer not, because quite honestly we just don't have much more than what we have here. We will after your 27th meeting. That May meeting would be before and it would be a robust one with all the recommendations. It would make sense that that would be the night that they do it.

Stan: We should make that recommendation to the civic association? When we meet that day, reverse those two?

Fran: Yes.

Mike: You're not doing that this year?

Fran: No.

Mike: Because they've already said two days and published their ... This is what we tried to tell them last year as well. Schedule is in good shape. The ...

Fran: Can we move on to the potholes?

Mike: Did you want to decide this tonight? You're going to do this after your next meeting?

Fran: We'll do that. As long as it's all right that we wait for that.

Mike: Yeah, they're fine. They don't care.

Stan: Of course they'd like the answer sooner.

Fran: Yeah. I contacted four paving contractors. Two didn't respond, Northern Paving ... actually three didn't respond. Northern Paving, Arcade Paving, and Info Paving Cape. I got two responses. One was from Clover Paving [inaudible 01:26:30]. Their cost just to the of the parking lot was \$2,800. I also got bid form RJ Nardone who are in Dennis. They would do \$1,000 to repair the entrance. They would bring it in 14 feet, so that it's all connected.

He also suggested there are two other problems. In the middle of the parking lot there is another pothole if you haven't noticed it. The drain that's over here outside of this door doesn't drain. Because the level of the parking lot is lower than the drain. He suggested we might want to adjust the drain cover as needed. We set it and paved around that, so that would be an extra \$800, for a total of \$1,800.

Laurie: He's doing all that for \$1,000 less than the other guy.

Fran: He's doing more for \$1,000 yes.

Laurie: I've heard of Nardone.

Fran: Yes.

Stan: What's your recommendation?

Fran: My recommendation is to go with Mr. Nardone.

Laurie: I make a motion that we accept the estimate for Mr. Nardone.

Stan: I second it.

Fran: All in favor.

Stan: Aye.

Fran: So moved, thank you. We don't need to address the remote meeting policy. That's not going to be a concern any longer. I will entertain a motion to adjourn.

Laurie: I move to adjourn so that I can get home to my husband

Stan: I will second it.

Fran: All in favor. Unanimous

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